



# CalPERS Diversity Action Plan

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# History: CalPERS At Forefront

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- 1<sup>st</sup> state agency & 1<sup>st</sup> large pension fund to promote & coordinate diversity for external partners
- Established in 2004 External Affairs Unit in Diversity Office for outreach, education, collaboration
- Focus is on maintaining competitive edge in investment industry by taking advantage of skills, and ideas of all participants in the investment industry



# Recent Programs

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- CA Urban Real Estate – emphasizes urban redevelopment with CA focus (1997)
- Mgr. Development Program I – offers small firms with limited assets under management an opportunity to work with us (2000)
- Mgr. Development Program II – Public equity or high yield fixed income securities and have less than \$2 billion in assets under management (2004)



# Recent Programs – continued

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- Alternative Investment Mgmt – Through CA Initiative, provide capital to diverse companies using three criteria: geographic location, employment of workers from low to moderate in some area and diversity within company management
- AIM Emerging Manager Program
- Emerging Manager Fund of Funds
- Emerging Hedge Fund of Funds



# Recent Programs - continued

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- Led first ever Diversity Conference with CalPERS and CalSTRS – educated trustees, executives of pension funds as well as investment firms on how to incorporate diversity into investment programs
- Developed first ever database of emerging financial service providers
- Established pool of consultants to provide expertise in diversity in investing



# Current Initiatives

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- Utilize electronic, searchable database of contacts. Promote CalPERS thru network
- Fully integrating diversity into Investment Office day-to-day administration
  - Coordinates & tracks information across Investment Office.
  - Analyzes new programs to ensure paths of accessibility for interested parties



# Current Initiatives - continued

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- Maintain active participation with financial service pipelines, and involvement with professional diversity organizations\*
- Continue involvement with Emerging Domestic Markets Advisory Group (EDM) led by Assemblymember Arambula

\*(Such as NASP, NAA, AAAIM, NAIC, Tiogo Foundation )



# Current Initiatives - continued

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- Continue to include language in investment consultant contracts that acknowledges CalPERS' commitment to diversity and encourages the firms to embrace diversity by eliminating barriers in internal and external hiring, analyzing emerging investment firms, and considering investment strategies that expand investment opportunities through diversity





# Current Initiatives - continued

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- Recruitment and retention of diverse pool of investment talent through relationships with Tiogo and other university sponsored programs



# New Initiatives

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- Enhance Business Connections Program
- Develop workshop for doing business with CalPERS as a vendor
- Develop more detailed, robust and effective annual public report to advance understanding of CalPERS commitment



# New Initiatives - continued

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- Develop a speaker's bureau for associations and others wishing to learn about CalPERS and its diversity commitment and external programs
- Create a web portal on Diversity and its relationship to contracting with CalPERS (after PSR goes live)
- Engage outside counsel law firms to ensure commitment to Diversity



# New Initiatives - continued

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- Establish an effective organizational structure for the Diversity Program
  - Establish a high level Program manager responsible for the Enterprise wide program reporting to the Executive Office
  - Clarify roles and responsibilities of the Diversity Outreach Program
  - Develop and staff a special unit within the Investment Office that will provide a centralized point of contact to emerging



# New Initiatives - continued

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managers or prospective emerging managers

- Establish a CalPERS Diversity working group (similar to the Corporate Governance working group structure) to identify opportunities, challenges and resource needs



# New Initiatives - continued

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- Host Quarterly Diversity check in meetings with Investment Staff to discuss status of current initiatives, review new programs and identify support needs
- Update CalPERS Diversity Policy



# New Initiatives - Legislative Outreach

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- Update Legislative Caucuses and Legislative Leadership
- Establish an ongoing mechanism to communicate with interested parties regarding CalPERS efforts and identify new opportunities for collaboration
- Include Diversity Initiatives in Ambassador Program



# Structuring Our Organization For Success

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- Develop a mechanism for independent review and recommendations to ensure CalPERS is leading the way in Diversity
- Establish a centralized point of contact within the Investment Office to assist those wishing to do business with CalPERS
- Develop methodology to measure success of the Diversity Program





# 120 Day Plan

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- Establish a position for the Diversity Program in the Investment Office and process for coordination with the Diversity Outreach Program
- Reinforce CalPERS commitment to Diversity with focused Legislative Leadership, key Diversity opinion leaders in the Investment field and apply public venues to express continued support
  - Press release; fact sheet; report regularly to the Board



# 120 Day Plan - continued

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- Develop effective reporting mechanism for the annual public report on Diversity
- Update the Diversity Policy
- Develop schedule for Diversity Workshops